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SUBJECT: JAPAN'S DIET AGENDA: FATE OF POLITICALLY SENSITIVE  
BILLS MURKY

Classified By: Charge d'Affaires a.i. Joe Donovan. Reasons 1.4 (b/d).

**¶1.** (SBU) Summary. Three months into the 164th Diet session, Japanese lawmakers are finally turning back to policy after being distracted by scandals for many weeks. Several big bills with broad consensus support are still on track. A planned supplemental budget and the FY06 budget passed the Diet on schedule, and Prime Minister Koizumi's highly touted administrative reform bill is awaiting Upper House deliberation after Lower House approval on April 20. However, the fate of other more controversial bills, including one to raise the Japan Defense Agency to a ministry, an amendment to the Basic Education Law and one to formalize national referendums, remains unclear. End Summary.

Normalcy After Scandals

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**¶2.** (SBU) The Diet session that opened on January 20 did not start out the way the ruling coalition had hoped. Koizumi and others in his leadership circle came under attack by both the opposition and the media for the discovery of banned material in a shipment of U.S. beef, the relationship in last year's election between the LDP and arrested businessman Takafumi Horie, former President of Livedoor, the bid rigging scandal at the Defense Facilities Administration Agency (DFAA), and the asbestos and earthquake building data falsification issues. A barrage of opposition-led criticism kept the Koizumi administration on the defensive until mid-February, when another scandal, the Nagata e-mail debacle, emerged.

**¶3.** (SBU) On February 16, opposition Democratic Party of Japan (DPJ) member Nagata produced an e-mail that purported to prove the jailed Horie had paid off Liberal Democratic Party (LDP) Secretary General Takebe's son. Unable to provide proof of the e-mail's authenticity, and faced with mounting evidence it was a fake, the DPJ found itself on the receiving end of media, public and ruling coalition criticism. The e-mail scandal dragged on through March and into April when Nagata was forced to leave the Diet in disgrace and DPJ President Maehara resigned to take responsibility. With the April 7 election of new DPJ head Ozawa, attention has returned to deliberating the Prime Minister's reform legislation.

Extension Necessary?

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**¶4.** (SBU) There is widespread agreement that, without a lengthy extension, many bills slated for this session will be held over. The big bills with broad support among Diet members, such as the supplemental budget and the FY06 budget, passed on schedule and Koizumi's administrative reform package, which cleared the Lower House on April 20, appears to be on track to be enacted. However, Diet members and staffers with whom Embassy Tokyo Political Officers spoke are

less sure of the fate of other politically sensitive legislation. Whether or not enough time is left in the session is a main calculation. Should the 150-day Diet session end, as scheduled, on June 18, bills like the Basic Education Law, the national referendum and the elevation of the Japan Defense Agency to a ministry will likely be shelved, most observers agree.

¶15. (C) LDP Lower House members Takeo Ochi, Jun Hayashi and Masaaki Taira agreed that, without an extension, there is not enough time remaining in the Diet session to get through all of the remaining bills. LDP Diet Affairs Chairman Hiroyuki Hosoda thinks a 3-month extension is needed to deliberate on the bills, Ochi said. LDP International Bureau Chief Miyako Ito, a veteran at LDP Headquarters, seconded their concern. They estimate that over 80 bills are still pending. The media expects the DPJ's win in the April 23 Chiba by-election to reinvigorate the opposition, and Taira expressed concern that opposition obstinacy would serve to further slow the pace of business.

Up Next

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¶16. (C) The coalition continues to pursue the administrative reform bill package. Because the DPJ currently supports four of the five administrative reform bills, Ito thought they would pass the Upper House without much difficulty. Next, the coalition will turn to bills on health care reform, including some unexpected additions to the docket. In response to a DPJ plan to introduce a bill providing cancer care, Komeito -- which fashions itself as a supporter of the public's welfare -- is insisting that the coalition submit its own bill that would focus on improving the medical system and providing care for cancer patients. In a coalition meeting on April 19, Komeito promised to go along with the bills the LDP wishes to pass, if the Komeito's cancer bill is passed this session too, Ito shared.

¶17. (C) After the new cancer care bill passes, other health care legislation, such as a bill on organ transplants and one that would increase the co-payments of wealthy elderly patients, will likely be considered. LDP Upper House member Keizo Takemi, a member of the health care "zoku", told us in late-April that he was certain the DPJ would confront the LDP on health care reform, especially since the current bill sought to cut reimbursements for medical institutions and to increase patient co-payments. Takemi personally felt that an increase in payments was inevitable, but stressed that the revision should not limit patients' access to quality healthcare.

¶18. (C) Regarding the national referendum bill, the coalition and the DPJ agreed that the voting age be set at 20, but also agreed to continue discussion on the possibility of lowering it to 18. The current voting age for "regular" elections is 20, but Komeito and the DPJ had earlier both pushed to lower the voting age for the referendum to 18. The LDP opposed the idea, insisting that the voting ages for the referendum and regular national elections should be consistent. Hayashi, a member of the Special Committee for Research of the Constitution, thought that more discussion between the coalition and opposition was needed on the issue, but said the decision is being left up to senior committee leaders. Separately, Komeito has agreed to submit a bill to elevate the JDA to a ministry, and Ito expected it to be submitted at the end of the session and carried over to the extraordinary session this fall. The Basic Education Law still faces opposition within the LDP and from Komeito. Ito thought it would also be carried over to the next session.

Koizumi's Calculations

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¶19. (C) Our contacts take at face value Prime Minister Koizumi's publicly expressed wish to avoid extending the session, and expect the legislative pace to quicken in response. Ito surmised that this could be a strategic move

on Koizumi's part to pressure his colleagues to try to pass as many bills as possible by June 18. Still, she did not think he would extend the session; if he does, it would be only for about a week, she said. Koizumi is anxious to conclude the Diet session on schedule so that he can visit the United States in late June; leaving the country near the end of an ongoing Diet session would be difficult, Ito observed.

¶10. (C) When making his decision on the Diet extension, Koizumi will have three things in mind: 1) how to avoid becoming a lameduck, 2) how to get his preferred candidate elected in September's LDP presidential election and 3) how to retain his influence after stepping down. If Koizumi agrees to a lengthy extension, he may not have enough time to position his favorite candidate, Ito concluded. (Note: Ito hinted that Koizumi favored Chief Cabinet Secretary Abe.) In addition, an old rumor still floating around Nagatacho is that Koizumi is considering a surprise, third visit to North Korea. This would, in theory, help him retain his leadership and influence, Ito said. By ending the session on schedule, he could make time to arrange the trip, support his favorite candidate and position his successor to continue his policy line.

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